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Seventh Annual Report

National Dairy Products Corporation

NEW YORK, N. Y.

YEAR ENDING DECEMBER 31, 1929

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# National Dairy Products Corporation

120 BROADWAY

NEW YORK

## DIRECTORS

|                       |                      |
|-----------------------|----------------------|
| HENRY N. BRAWNER, JR. | HAROLD M. LEHMAN     |
| HENRY W. BREYER       | WM. F. LUICK         |
| FREDERICK J. BRIDGES  | H. A. McDONALD       |
| WADDILL CATCHINGS     | THOS. H. MCINNERNEY  |
| N. J. DESSERT         | E. J. MATHER         |
| ALFRED A. DuBAN       | GEO. F. RAND         |
| D. C. ELDREDGE        | JEROME H. REMICK     |
| ROBERT J. FLICK       | EDWARD E. RIECK      |
| JOSEPH GILFILLAN      | WILBUR S. SCOTT      |
| B. S. HALSEY          | C. HENDERSON SUPPLEE |
| V. F. HOVEY           | HORACE S. TUTHILL    |
| J. M. HOYT            | L. A. VAN BOMEL      |
| A. P. HUNT            | FRANK A. WILLS       |
| JOS. L. JONES         | HENRY N. WOOLMAN     |

## OFFICERS

|                                          |                      |
|------------------------------------------|----------------------|
| <i>President</i> .....                   | THOS. H. MCINNERNEY  |
| <i>Vice-President</i> .....              | ALFRED A. DuBAN      |
| <i>Vice-President</i> .....              | WILBUR S. SCOTT      |
| <i>Vice-President</i> .....              | C. HENDERSON SUPPLEE |
| <i>Vice-President</i> .....              | L. A. VAN BOMEL      |
| <i>Vice-President</i> .....              | FRANK A. WILLS       |
| <i>Secretary</i> .....                   | FREDERICK J. BRIDGES |
| <i>Treasurer</i> .....                   | A. A. STICKLER       |
| <i>Comptroller and Asst. Sec'y</i> ..... | H. P. BROWN          |
| <i>Assistant Treasurer</i> .....         | FORD HIBBARD         |
| <i>Sales Manager</i> .....               | E. J. MATHER         |

## TRANSFER AGENT

BANKERS TRUST COMPANY  
New York, N. Y.

## REGISTRAR

THE CHASE NATIONAL BANK  
New York, N. Y.

|                       |                         |
|-----------------------|-------------------------|
| <i>Counsel</i> .....  | SULLIVAN & CROMWELL     |
| <i>Auditors</i> ..... | PRICE, WATERHOUSE & Co. |

EXECUTIVE OFFICES.....120 Broadway, New York, N. Y.

# National Dairy Products Corporation

NEW YORK, N. Y., March 25, 1930.

## TO THE STOCKHOLDERS:

There is submitted herewith the Annual Report of National Dairy Products Corporation for the year ending December 31, 1929, containing a consolidated balance sheet, a combined statement of profit and loss and a consolidated statement of surplus of the corporation and subsidiaries, certified by Messrs. Price, Waterhouse & Co.

Including operations for the entire year of companies acquired during the year and of companies held under firm contracts at December 31, 1929 and since acquired, net sales for the year (excluding inter-company sales) amounted to \$300,021,483.05 as compared with \$212,632,076.59 for the previous year,—an increase of \$87,389,406.46. Of this increase, \$8,529,094.47 represents the increase in 1929 over 1928 in sales of companies owned in both years.

On the same basis, combined net profits for 1929, after giving effect to the saving of interest paid during the year on funded and floating debt resulting from its retirement from the proceeds of the sale of common stock in September, 1929, and after deducting interest and preferred dividends for a full year on all securities issued and held for issue on December 31, 1929, amounted to \$20,758,898.47. This is equivalent to \$4.04 per share on 5,135,645 shares of common stock outstanding at the end of the year. Combined net profits for 1928, similarly computed, were \$15,175,461.18, equivalent to \$8.03 per share on 1,889,749 shares of common stock outstanding on December 31, 1928. In comparing the per share earnings for the two years, you should bear in mind that in 1929 the corporation issued a 100% common stock dividend in May, that common stock dividends aggregating 5% were issued quarterly during the year and that in September 454,514 shares (10% of the outstanding stock) were issued and sold for cash to the stockholders.

In view of the general conditions since the latter part of 1929, you will be interested to know that the sales and profits of the corporation for the first two months of 1930 are substantially in excess of the corresponding sales and profits for the same period of 1929.

The attached balance sheet shows our strong financial position on December 31, 1929 and reflects a current position ratio of 2.68 to 1. Cash on hand amounting to \$21,021,327. was alone in excess of total current liabilities. Our merchandise inventories were reduced at the end of the year to \$10,510,906, a very low figure in view of the size of our business; while our volume of sales for 1929 shows a large increase, our inventories have not increased proportionately. Included in the current liabilities is an item of \$1,055,998. of notes payable which represents payables of companies under contract on December 31, 1929 and which were paid off as soon as these companies were acquired. Net working capital amounted to \$34,211,668. as compared with \$20,748,458. on December 31, 1928.

During the year a total of \$31,479,000. was expended for the redemption of bonds, mortgages, preferred stocks and debentures, for cash considerations for companies acquired and for property and plant extensions. Following the corporation's established policy of maintaining at all times

its properties in excellent physical condition and of providing liberally for renewals and replacements of plant facilities, the charges during the year in respect of repairs, maintenance and depreciation aggregated \$17,593,314.

Through the acquisition of many well known and firmly established dairy businesses, the corporation has in the year 1929 extended its operations and thereby entered many new cities; viz., Washington, Wilmington, Hartford, Buffalo, Detroit, Akron, Cincinnati, Toledo, Peoria and Louisville.

The Board of Directors has contracted to purchase the assets of Kraft-Phenix Cheese Corporation, subject to the approval of the stockholders of the latter corporation and to the customary investigation by your corporation. It is the opinion of the Board of Directors that the acquisition of this business will be of real value to the corporation as it will provide for an interchange of products and facilities of mutual advantage to both businesses.

It is gratifying to be able to report a large increase in the number of stockholders of the corporation. At the present time there are 31,074 stockholders compared with 9,829 at the end of 1928. A large percentage of our employees are stockholders.

On November 7, 1929, the Board of Directors declared four quarterly stock dividends of 1% each, payable in 1930 and the quarterly cash dividend was increased to 50 cents.

The Board of Directors takes this opportunity of acknowledging the loyal and faithful services rendered by the officers and employees of the corporation and its subsidiary companies.

By Order of the Board of Directors

THOMAS H. MCINNERNEY  
President

# National Dairy Products Corporation

AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET

(Giving effect as of that date to the completion of the year under firm contracts at December 31, 1929)

| Assets                                                                                                             |                         |
|--------------------------------------------------------------------------------------------------------------------|-------------------------|
| <b>Current and Working Assets:</b>                                                                                 |                         |
| Cash in banks and on hand.....                                                                                     | \$ 21,021,327.86        |
| Marketable securities at cost, below market.....                                                                   | 1,424,140.12            |
| Notes receivable.....                                                                                              | \$ 1,874,025.84         |
| Accounts receivable.....                                                                                           | 16,049,985.40           |
|                                                                                                                    | <u>\$17,924,011.24</u>  |
| Less: Reserve for doubtful notes and accounts .....                                                                | 950,572.18              |
|                                                                                                                    | <u>16,973,439.06</u>    |
| Inventories at cost or market, whichever is lower.....                                                             | 10,510,906.22           |
| Miscellaneous supplies and repair parts.....                                                                       | 3,196,734.81            |
| Receivable from employees (\$912,097.60 secured by collateral) .....                                               | 1,142,593.90            |
| Cash surrender value of life insurance.....                                                                        | 300,849.51              |
|                                                                                                                    | <u>\$ 54,569,991.48</u> |
| <b>Investments and Advances:</b>                                                                                   |                         |
| Company's common stock—39,756.60 shares at cost.....                                                               | \$ 2,198,084.51         |
| Investments .....                                                                                                  | 892,192.07              |
| Advances .....                                                                                                     | 433,762.71              |
|                                                                                                                    | <u>3,524,039.29</u>     |
| Sinking Funds.....                                                                                                 | 12,118.25               |
| <b>Capital Assets:</b>                                                                                             |                         |
| Land, buildings, machinery and equipment on basis of cost or sound values as appraised with additions at cost..... | \$139,734,631.05        |
| Less—Reserve for depreciation.....                                                                                 | 33,601,423.15           |
|                                                                                                                    | <u>106,133,207.90</u>   |
| <b>Deferred Charges:</b>                                                                                           |                         |
| Prepaid taxes, insurance, interest, etc.....                                                                       | \$ 888,568.26           |
| Sundry expenses .....                                                                                              | 608,694.99              |
|                                                                                                                    | <u>1,497,263.25</u>     |
| Goodwill Purchased .....                                                                                           | 14,235,887.06           |
|                                                                                                                    | <u>\$179,972,507.23</u> |

We have examined the books and accounts for the year ending December 31, 1929 of National Dairy Products Corporation and the above consolidated balance sheet as at December 31, 1929 and the relative statements of profit and loss and surplus have been prepared by the company as at December 31, 1929 and the results of the operations for the year, giving effect as of December 31, 1929 to the acquisition of the subsidiary companies.

56 Pine Street,  
New York.  
March 21, 1930.

# Products Corporation

## RY COMPANIES

the acquisition of companies held  
ber 31, 1929 and since acquired)

DECEMBER 31, 1929

| Liabilities                                                                                                                                |                         |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <b>Current Liabilities:</b>                                                                                                                |                         |
| Notes payable .....                                                                                                                        | \$ 1,055,998.90         |
| Accounts payable including sundry accruals.....                                                                                            | 16,810,461.29           |
| Dividends payable and accrued.....                                                                                                         | 2,591.18                |
| Provision for Federal income tax.....                                                                                                      | 2,489,271.55            |
|                                                                                                                                            | <hr/>                   |
|                                                                                                                                            | \$ 20,358,322.92        |
| <b>Reserves for Contingencies.....</b>                                                                                                     | 452,998.87              |
| <b>Funded and Mortgage Debt:</b>                                                                                                           |                         |
| National Dairy Products Corporation:                                                                                                       |                         |
| 5¼% gold debentures due 1948.....                                                                                                          | \$47,918,000.00         |
| Subsidiary companies:                                                                                                                      |                         |
| First mortgage 6% bonds.....                                                                                                               | 368,500.00              |
| Real estate mortgages.....                                                                                                                 | 271,619.80              |
|                                                                                                                                            | <hr/>                   |
|                                                                                                                                            | 48,558,119.80           |
| <b>Minority Stockholders' Interest in Capital and Surplus of<br/>Subsidiary Companies.....</b>                                             | 264,007.64              |
| <b>Preferred Stock of Subsidiary Company, redeemed February 8,<br/>1930 .....</b>                                                          | 301,300.00              |
| <b>Capital and Initial Surplus:</b>                                                                                                        |                         |
| Preferred stock Class A 7% cumulative:                                                                                                     |                         |
| Authorized and issued—66,804 shares of \$100 each.....                                                                                     | \$ 6,680,400.00         |
| Preferred stock Class B 7% cumulative:                                                                                                     |                         |
| Authorized and issued—49,950 shares of \$100 each.....                                                                                     | 4,995,000.00            |
| Common stock and initial surplus:                                                                                                          |                         |
| Common stock:                                                                                                                              |                         |
| Authorized—6,000,000 shares without par value                                                                                              |                         |
| Issued—*5,175,401.66 shares at stated value.....                                                                                           | 41,403,213.28           |
| Initial surplus .....                                                                                                                      | 27,225,295.91           |
|                                                                                                                                            | <hr/>                   |
|                                                                                                                                            | 80,303,909.19           |
| * In addition a dividend of 50,964.58 shares of<br>common stock was paid on January 2, 1930 to<br>stockholders of record December 3, 1929. |                         |
| <b>Earned Surplus, per statement attached.....</b>                                                                                         | 29,733,848.81           |
|                                                                                                                                            | <hr/>                   |
|                                                                                                                                            | <u>\$179,972,507.23</u> |

on and subsidiary companies and of the companies acquired since the beginning of that year and we certify that, in our opinion,  
n correctly prepared from the books and fairly state the financial position of National Dairy Products Corporation and subsidiary  
on of companies held under firm contracts at that date and since acquired.

PRICE, WATERHOUSE & Co.

# National Dairy Products Corporation

## AND SUBSIDIARY COMPANIES

### COMBINED STATEMENT OF PROFIT AND LOSS

For the Year Ending December 31, 1929

(Including the results of the operations for the entire year of companies acquired during the year and of companies held under firm contracts at December 31, 1929 and since acquired)

|                                                                                                               |                  |                                |
|---------------------------------------------------------------------------------------------------------------|------------------|--------------------------------|
| Net sales (excluding inter-company sales).....                                                                |                  | \$300,021,483.05               |
| <i>Deduct:</i>                                                                                                |                  |                                |
| Cost of sales, delivery, administrative, selling and general expenses.....                                    | \$257,809,811.86 |                                |
| Repairs and maintenance.....                                                                                  | 9,627,473.33     |                                |
| Depreciation .....                                                                                            | 7,965,841.17     |                                |
|                                                                                                               |                  | <u>275,403,126.36</u>          |
|                                                                                                               |                  | \$ 24,618,356.69               |
| Other income.....                                                                                             |                  | <u>1,708,688.50</u>            |
|                                                                                                               |                  | \$ 26,327,045.19               |
| <i>Deduct:</i>                                                                                                |                  |                                |
| Interest on funded debt of subsidiary companies....                                                           | \$ 375,934.27    |                                |
| Provision for Federal income tax.....                                                                         | 2,455,752.95     |                                |
|                                                                                                               |                  | <u>2,831,687.22</u>            |
| Combined profits before all dividends and interest on funded debt of National Dairy Products Corporation..... |                  | <u><u>\$ 23,495,357.97</u></u> |

#### NOTE:

|                                                                                                                                                                                |                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Combined profits before all dividends and interest on funded debt of National Dairy Products Corporation.....                                                                  | \$23,495,357.97        |
| Interest paid on funded and floating debt of subsidiary companies and floating debt of National Dairy Products Corporation retired in 1929 from proceeds of sale of stock..... | 596,513.50             |
|                                                                                                                                                                                | <u>\$24,091,871.47</u> |
| <i>Deduct:</i>                                                                                                                                                                 |                        |
| Interest requirement for full year on National Dairy Products Corporation 5¼% debentures.....                                                                                  | 2,515,695.00           |
|                                                                                                                                                                                | <u>\$21,576,176.47</u> |
| Dividend requirements for full year on preferred stocks of National Dairy Products Corporation.....                                                                            | 817,278.00             |
|                                                                                                                                                                                | <u>\$20,758,898.47</u> |
| Balance equivalent to \$4.04 per share on 5,135,645.06 shares of common stock of National Dairy Products Corporation outstanding in hands of public.....                       |                        |

# National Dairy Products Corporation

## AND SUBSIDIARY COMPANIES

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND SURPLUS

For the Year Ending December 31, 1929

|                                                                                                                                                                                            |                 |                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Combined profits for the year ending December 31, 1929, before all dividends and interest on funded debt of National Dairy Products Corporation, as per statement of profit and loss ..... | \$23,495,357.97 |                 |
| <i>Less</i> —Profits included above, of companies prior to date of acquisition.....                                                                                                        | 2,100,399.64    |                 |
|                                                                                                                                                                                            |                 | \$21,394,958.33 |
| <i>Deduct:</i>                                                                                                                                                                             |                 |                 |
| Dividends paid and accrued on preferred stocks of subsidiary companies held by the public.....                                                                                             | \$ 1,936.91     |                 |
| Interest paid and accrued on funded debt of National Dairy Products Corporation.....                                                                                                       | 2,431,880.16    |                 |
|                                                                                                                                                                                            |                 | 2,433,817.07    |
| Balance applicable to preferred and common stocks of National Dairy Products Corporation.....                                                                                              |                 | \$18,961,141.26 |
| <i>Deduct</i> —Dividends paid on stocks of National Dairy Products Corporation:                                                                                                            |                 |                 |
| In cash—preferred.....                                                                                                                                                                     | \$ 834,708.00   |                 |
| common .....                                                                                                                                                                               | 7,216,993.63    | \$ 8,051,701.63 |
| In stock—common at \$8.00 per share .....                                                                                                                                                  | 1,333,985.68    |                 |
|                                                                                                                                                                                            |                 | 9,385,687.31    |
| Surplus for year ending December 31, 1929.....                                                                                                                                             |                 | \$ 9,575,453.95 |
| <i>Add</i> —Earned surplus at December 31, 1928.....                                                                                                                                       |                 | 20,158,394.86   |
| Earned surplus at December 31, 1929, per balance sheet.....                                                                                                                                |                 | \$29,733,848.81 |





